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POLICY STATEMENT

Consistent with Philex Mining Corporation’s (“PMC” or the “Company”) adherence to the principles of good corporate governance, this Policy is issued to define the Company’s standing policy on Gifts, Entertainment and Sponsored Travel.

1. RATIONALE

The giving of Gifts and Entertainment is customary in the normal course of business to enhance good business relationships. However, Directors, Employees and Consultants must be aware that other parties may use this custom of giving of Gifts and Entertainment, including Sponsored Travel, to gain advantages or influence the objectivity of said Directors, Employees and Consultants. Accordingly, this policy contains the general guidelines for Directors, Employees and Consultants on how to handle Gifts, Entertainment and Sponsored Travel offered by Third Parties.

2. GENERAL STATEMENT OF THE POLICY

Directors, Employees and Consultants shall refrain from putting themselves in situations or acting in a manner that could significantly affect the objective, independent or effective performance of their duties and responsibilities in the Company.

In this regard, Directors, Employees and Consultants who have received Gifts, Entertainment and Sponsored Travel from any Third Parties with whom the Company does business or proposes to do business, whether directly or indirectly, shall inform their donor that these were received in behalf of the Company and shall be handled in accordance with Company policy. Sponsored Travel from Third Parties requires disclosure and prior approval from the superior, which approval shall conform to the letter and spirit of this policy.

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3. APPLICABILITY

This Policy applies to and shall be implemented by, all members of the Board of Directors (each a “Director” and collectively, the “Directors”), Employees (each, an “Employee” and collectively, the “Employees”), and Consultants of PMC.

4. DEFINITIONS

For purposes of this policy,

a) **Bribe** – includes any money, fee, commission, credit, gift, gratuity, thing of value, compensation, personal business and the like, benefits or advantage of any kind that is, directly or indirectly, provided to or received by anyone in his personal capacity for the purpose of obtaining favorable treatment in connection with a business transaction.

b) **Consultants** – includes professional consultants, advisors, firms, partnerships, counsels, or such other professional entities or individuals rendering professional or specialized expert services to PMC as well as advisors of the Company who may be appointed by the Board of Directors or Chief Executive Officer (CEO)/President, or who act as representatives for the Company’s investors, shareholders, affiliates or partners.

c) **Customer** – an individual or entity that buys products and/or services from PMC.

d) **Employee** – any individual hired by PMC for salaries and/or benefits provided in regular amounts at stated intervals in exchange for services rendered personally for the Company’s business on a regular basis and who does not provide such services as part of an independent business.

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This includes PMC officers, executives, supervisors, and rank and file, and for purposes of this policy only, Subsidiaries' Employees who also work for/serve PMC (e.g., on a seconded basis).

e) **Relatives** – relatives of up to third degree, by consanguinity, affinity or legal adoption, including, the Directors', Employee's or Consultant's spouse, parents, children (and their spouses), siblings (and their spouses), nieces and nephews (limited to children of a brother or sister [and their spouses], grandparents, and aunts and uncles (limited to brothers or sisters of a parent); and a domestic partner and his relatives of up to the third degree, by consanguinity or affinity or legal adoption.

f) **Gifts** – a thing(s), present, sponsorships, or any other personal benefit given by Third Parties to Directors, Employees, Consultants, or their Relatives with whom they transact, whether directly or indirectly, in relation to PMC business dealings, and regardless of the place where such Gifts are offered to or received by a Director, Employee or Consultant.

- **Expensive Gifts** – gifts above P4,000.00 in value. These shall be classified as:
 - i. **Perishable Gift** – refers to any food, beverage or flowers that will expire within a month from receipt, or those requiring refrigeration, such as, but not limited to, cakes, pastries and fruits.
 - ii. **Non-perishable Gift** – this includes non-food or non-beverage item, as well as any food or beverage that does not fall under the scope of perishable gifts, such as, but not limited to, gift baskets with bottled/preserved food, packed biscuits/cookies, canned goods or liquor.
- **Token Gifts** – gifts valued equal to or below P4,000.00 (regardless of whether it is perishable or non-perishable).

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- g.) **Entertainment** – refers to any form of hospitality such as meals for Directors, Employees and Consultants given by Third Parties. It also covers spectator and participative activities (i.e., golf, music, sailing, and other similar activities).

- h.) **Sponsored Travel** – any travel, accommodation and/or attendance/participation in conferences/conventions/seminars, international or domestic, whether for personal or business purposes, the costs of which are fully or partially paid for by Third Parties.

- i.) **Third Party** – an individual, entity, organization and/or its representatives that has existing and/or intended business dealings with the Company. This includes but shall not be limited to prospective or existing suppliers, contractors, buyers, content providers, media, agencies, dealers, Customers, or all other business partners who are or may be similarly situated. This also covers associates (former classmates, co-workers, co-fraternity members, co-members in closed knit associations such as masonry/lodge, etc.) who are also prospective or existing suppliers, contractors, buyers, content providers, media, agencies, dealers, or Customers, or all other business partners who are or may be similarly situated.

5. DETAILED POLICY STATEMENTS

A. Gifts

1. Solicitation of Gifts from Third Parties shall be avoided; while acceptance of Gifts from Third Parties shall be made in behalf of and surrendered to the Company, subject to the following guidelines:

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- i. Solicitation and/or acceptance of cash, cash/check, gift certificates or other cash equivalents of any amount, free membership or subscriptions (e.g. sport or other clubs), and any Gifts, **except as otherwise provided for in the succeeding paragraphs**, from Third Parties even if given on occasions of rejoicing or celebration such as Company parties, birthdays, anniversaries, or Christmas, is prohibited.
- ii. Token Gifts voluntarily given by a Third Party to a Director, Employee or Consultant may be accepted and kept by the recipient.
- iii. Gifts or donations solicited by and/or given to the Company for Company-authorized corporate social responsibility programs or initiatives, including outreach or charitable works of the

Company's officially recognized employee organizations, such as medicines for medical missions, food and supplies for calamities, materials for community development are acceptable; *Provided*, however, that in the event that not all gifts or donations shall be accepted or entertained or not all Third Parties will be requested to make a donation, gift or pledge, the parameters, requisites or conditions for the selection shall be made transparent to all at the outset, including other relevant Third Parties.

- iv. Donations in kind such as system equipment to be utilized for the Company's research and development projects may be solicited and/or accepted in behalf of the Company; *Provided*, however, that in the event that not all donations are accepted, the acceptance parameters and conditions for acceptance shall be made transparent to all Third parties.

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- v. Raffle tickets (or prizes won from such raffle tickets) and other promotional items given to the Company, its Directors, Employees or Consultants for their attendance to certain events, (including but shall not be limited to athletic or social events, anniversary or Christmas parties and the like), conferences, seminars, or product presentations of Third Parties may be accepted and kept by the recipient/winner **regardless of the value**; *Provided*, however, that the other participants are likewise entitled to such raffle tickets and given equal opportunity to win prizes;

 - vi. Gifts/tokens of appreciation offered to or received by a Director, Employees or Consultant from Third Parties in connection with such Director, Employee or Consultant's acceptance of an invitation or actual participation as speaker, facilitator or reactors in conferences or seminars sponsored or organized by such Third Parties may be kept by the recipient; *Provided*, that the other speakers, facilitators and/or reactors are also given similar gifts/tokens of appreciation by relevant Third Parties;

 - vii. Courtesy discounts given to Directors, Employees and Consultants by Third Parties on the former's personal purchases of products and services of Third Parties are allowed; *Provided*, that such discounted purchases are made openly and the same terms are made available to all Directors, Employees and Consultants.
2. Directors, Employees or Consultants shall not be eligible to receive Gifts as part of any purchases made by the Company.
3. The direct or indirect offer, payment, solicitation and/or acceptance of Bribes in any form by a Director, Employee or Consultant from a Third Party and vice-versa, is prohibited.

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B. Entertainment

1. The Director, Employee or Consultant shall use his best judgment in determining the propriety and frequency of accepting various forms of Entertainment offered by Third Parties. The following questions may be used as guides for a Director, Employee or Consultant in deciding whether an Entertainment is acceptable:

- i. Is it related to the conduct of business?
- ii. Would I feel comfortable telling others about this Entertainment? How would it appear to other Employees or people outside the Company?
- iii. Do I feel compelled to reciprocate or grant special favors as a result of this Entertainment (or am I trying to constrain Third Parties to reciprocate or grant favors)
- iv. Am I certain the Entertainment does not violate any law, local or business rules and regulations, the Solicitation and Acceptance of Gifts and Entertainment Policy of PMC, or any other Company rule? Is it contrary to morals or good customs?

2. Meals during business meetings are acceptable.

3. Business meetings in locations that do not conform to accepted standards of propriety and are not conducive for business purposes shall be avoided.

4. Acceptance of invitations to theater, concerts or social/sporting events are permissible; *Provided*, however, that such invitations are generally available to others in the same community, category or industry. Further, due regard to the frequency of attendance and benefit for the Company shall be considered at all times.

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5. Directors, Employees and Consultants shall not use property belonging to Third Parties, their employees, agents and/or representatives such as, but not limited to, vehicles, beach houses, resorts and vacation houses whether for their personal benefit or Company purpose.

6. Directors, Employees and Consultants shall refrain from requesting for or soliciting any form of Entertainment from a Third party including sponsorship for Company activities, non-Company supported charitable works, and/or personal events such as birthdays, weddings, baptisms, etc., or from accepting such Entertainment where such acceptance could impair their objectivity in the performance of their duties and obligations to the Company.

C. Sponsored Travel

1. Sponsorship of the Company or its Director, Employee or Consultant's attendance, which may include travel, accommodation and/or registration expenses in conferences, conventions, exhibits is acceptable; *Provided*, that the sponsor is an industry/professional organization not associated with any Third Party.

2. The Director, Employee or Consultant is obliged to refuse offers of free travel and/or accommodation to conferences, conventions, exhibits, product presentations or other similar events from Third Parties. Attendance at such conferences, conventions, exhibits, product presentations or other similar events shall be allowed only if:

- (a) it will benefit the Company;
- (b) is approved by the appropriate approving authority and
- (c) the Company pays for all expenses associated with such travel.

However, in exceptional and justified cases as may be determined in writing by the Chairman of the Board (for Directors) or the President and CEO (for Employees and Consultants), said approving authorities may allow Directors, Employees or Consultants

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to accept Sponsored travel to conferences, conventions, and such events from Third Parties.

3. Complimentary travel and accommodation for trainings from Third Parties may be permitted if these are part of an approved/existing contract and are deemed to benefit the Company.

4. There are instances when Third Parties provide Sponsored Travel to Directors, Employees or Consultants to local and/or international business/industrial site to demonstrate actual performance of their products/systems. Acceptance of such sponsored invitation should be justified by the following:

- i. The purpose of the travel should be business in nature and has a direct benefit to the future performance and business of the Company.
- ii. Knowledge of Directors, Employees or Consultants assigned/chosen for the travel would be valuable to the evaluation of the system and directly related to his job function.

6. WHAT NEEDS TO BE DONE

It is the duty of a Director, Employee or Consultant who is offered or receives a Gift, Entertainment and/or Sponsored Travel to **immediately disclose** the offer or receipt thereof to his respective superior, copy furnished the Corporate Governance Office (“CGO”). These shall be handled in the following manner:



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A. Gifts

<u>Type of Gift</u>	<u>Disposition</u>
1. Cash, check/check certificates, or any other cash equivalents of any amount.	Shall be politely refused and/or returned to the Third Party.
2. Token Gifts	Shall be kept by the recipient.
3. Expensive Gifts	
<i>i. Non-perishable Gift</i>	Shall be raffled-off for the benefit of all Directors, Employees and Consultants of the Company.
<i>ii. Perishable Gift</i>	Shall be shared and consumed by the Employees in the business unit to which the recipient belongs.
4. Raffle Prizes	Shall be kept by the winner/recipient

B. Sponsored Travels

In rare occasions when the offers from a Third Party exceed those outlined in above Sections 5-B (Detailed Policy Statement – Entertainment), and 5-C (Detailed Policy Statement – Sponsored Travel), the Director, Employee or Consultant shall discuss such occurrences for approval of the relevant superior (Refer to below table) before acceptance. In all events, however, proper documentation, disclosure, reporting, approval and liquidation procedures, as required under Company systems practice and implementing guidelines, shall be followed.

In cases where a Relative of a Director, Employee or Consultant solicits and/or accepts Gifts, Entertainment and Sponsored Travel from Third Parties without adhering to the parameters set forth in this policy, the Director, Employee or Consultant shall promptly, upon his discovery or awareness of such fact, disclose the same in writing to his relevant superior.

The superior with respect to the following shall be:

<u>Position</u>		<u>Superior</u>	
a.	Director	a.	Board of Directors through its Chairman
b.	Executives (VP Level)*	b.	President and CEO
c.	Rank & File, Supervisors, Manager and Consultants	c.	Group Head

** If immediate superior is the President or CEO, the CGO must be provided a summary of actions taken.*

It is also the duty of a Director, Employee or Consultant to immediately report to his superior any attempt by Third Parties to undermine the former's transparency, integrity, fairness, accountability and objectivity in performing his functions by the offer of Gifts or other inducements.

The Board of Directors, officers and executives must ensure that any Director, Employee or Consultant who reports a suspected violation of this policy by fellow Directors, Employees or Consultants is protected from any form of retaliation.

7. CONSEQUENCES OF VIOLATIONS

Any Director, Employee, or Consultant who fails to comply with this policy shall be, upon notice and hearing, subjected to penalties and sanctions as may be determined by the appropriate corporate authorities.

Third Parties found to have defied this policy shall be penalized.

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8. IMPLEMENTING GUIDELINES

Appropriate implementation guidelines and monitoring and measuring systems shall be developed by the Human Resources Department in coordination with relevant business units such as the Supply Chain Division.

The President and CEO may reassess the ceiling price of the Token Gifts and baseline price of the Expensive Gifts annually. If the exigencies so warrant, a written directive from the President and CEO shall be issued to adjust these prices; *Provided*, that such adjustment of prices shall not be made more than once a year.

The Supply Chain Division shall also develop implementing guidelines and issue the necessary notices to operationalize the application of this policy to the Third Parties.

9. EFFECTIVITY

This Policy shall take effect immediately and shall be reviewed at least once every two (2) years or such other frequency as may be determined by the Board of Directors and/or the Corporate Governance Office.

10. REPEAL

All existing policies, systems, practices, and related implementing guidelines concerning the same matters covered by this Policy are deemed superseded by this Policy. In the event of any inconsistency between the policy and guidelines contained in this Policy and the terms of other existing policies, systems, practices and related implementing guidelines, this Policy shall prevail.

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11. QUESTIONS

For any questions about this policy or in the determination of whether a situation violates or potentially violates this policy, you may approach your respective superior, Human Resource Department and/or the CGO.

<i>Prepared By:</i>	<i>Reviewed & Endorsed By:</i>	<i>Approved By:</i>
(Original Signed) Jeffrey R. Balmores Manager/CG Date: _____	(Original Signed) Danny Y. Yu CG Compliance Officer Date: _____	(Original Signed) Eulalio B. Austin, Jr. President & CEO Date: _____

**APPROVED BY THE BOARD OF DIRECTORS
ON FEBRUARY 26, 2014**